

Message Text

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ORIGIN OPIC-12

INFO OCT-01 AF-10 ISO-00 AID-20 CIAE-00 COME-00 EB-11

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DISTRIBUTION: NONE INDICATED

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R 292251Z NOV 73

FM SECSTATE WASHDC

TO AMEMBASSY LUSAKA

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E.O. 11652: N/A

TAGS: EFIN, ZA

SUBJ: ENVIROTECH - FOREIGN GOVERNMENT APPROVAL

1. IN A NUMBER OF RECENT CONVERSATIONS, INCLUDING TELCONS NOV 27 & 28 ENVIROTECH INDICATES DIFFICULTIES IN OBTAINING GRZ APPROVAL FOR ISSUANCE OPIC INSURANCE (FOREIGN GOVERNMENT APPROVAL OR "FGA").

2. ON JULY 30, 1973 ENVIROTECH FILED APPLICATION WITH OPIC FOR INSURANCE ON \$451,000 (290,000 KWACHA) RETAINED EARNINGS INVESTMENT TO BE USED FOR CONSTRUCTION OF WAREHOUSE AND OFFICE-BLOCK. BY LETTER DATED JUNE 22, ENVIROTECH APPLIED TO MINISTRY OF TRADE AND INDUSTRY ("MTI") FOR FGA.

3. N SEPTEMBER 25 REPLY SIGNED BY A MR. M.K. KALUBA "FOR LIMITED OFFICIAL USE

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PERMSEC" (COPY SUPPLIED TO OPIC), MTI, WHILE EXPRESSING NO

OBJECTION TO EXPANSION PROGRAM, FAILED TO EXPRESS APPROVAL
FOR OPIC INSURANCE, ENCLOSING INSTEAD ZAMBIA APPLICATION
FOR FGA (GRZ FORM NO. CFT/6/19/2).

4. IN OCTOBER 10 MEMO TO ENVIROTECH, B.B. HESHON, COMPANY'S
ZAMBIA MANAGER, STATED THAT ENVIROTECH'S FGA APPLICATION
HAD BEEN DISCUSSED BY KALUBA WITH BANK OF ZAMBIA AND THAT BANK
WAS NOT PREPARED "TO SUPPORT APPLICATION" ON GROUNDS THAT
FINANCING OF NEW BUILDING WAS FROM LOCAL FUNDS FROM STANDARD
BANK ZAMBIA. BANK OF ZAMBIA REPORTEDLY FURTHER STATED THAT
CAPITALIZATION OF RETAINED EARNINGS FOR PURPOSE OF EXPANSION
WAS NOT TYPE OF PROJECT WHICH "CENTRAL BANK CONSIDERED COULD
QUALIFY FOR GUARANTY." ACCORDING TO HESHON, KALUBA STATED
THAT GRZ FGA WOULD BE FORTHCOMING IN CASES WHERE EXPANSION
FINANCED BY NEW FOREIGN CAPITAL FLOW INTO ZAMBIA, ESPECIALLY IF
EXPANSION INVOLVED MANUFACTURING. FYI OPIC REGULARLY INSURES
REINVESTMENT OF RETAINED EARNINGS. INSURING THIS TYPE OF
INVESTMENT OBTAINES NECESSITY OF INVESTOR REPATRIATING, AND
THEN IMMEDIATELY REINVESTING, EARNINGS. END FYI.

5. OPIC REQUESTS, ASAP:

- (A) EMBASSY COMMENTS ON FACTS STATED PARAS 3 & 4 ABOVE.
- (B) EMBASSY ASSESSMENT HOW IT CAN ASSIST ENVIROTECH IN OBTAIN-
ING FGA.
- (C) EMBASSY VIEWS WHETHER ZAMBIA PREPARED TO OFFER FGA ONLY
IN CASES WHERE NEW CAPITAL FLOWS INTO ZAMBIA. KISSINGER

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Control Number: n/a
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Draft Date: 29 NOV 1973
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Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: worrelsw
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: AFR:BTHOMAS MANSBACH
Enclosure: n/a
Executive Order: N/A
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ISecure: 1
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